

applicable laws and regulations to consummate the Merger and the other transactions contemplated by this Agreement as soon as practicable after the date hereof. In furtherance and not in limitation of the foregoing, each party hereto agrees to make, to the extent it has not already done so, an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable and in any event within five business days of the date hereof and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

(b) Each of WorldCom and MCI shall, in connection with the efforts referenced in Section 5.4(a) to obtain all requisite approvals and authorizations for the transactions contemplated by this Merger Agreement under the HSR Act or any other Regulatory Law (as defined below), use its best efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) promptly inform the other party of any communication received by such party from, or given by such party to, the FCC, PUCs, the Antitrust Division of the Department of Justice (the "DOJ") or any other Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other party to review any communication given by it to, and consult with each other in advance of any meeting or conference with, the FCC, PUCs, the DOJ or any such other Governmental Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by the FCC, PUCs, the DOJ or such other applicable Governmental Entity or other Person, give the other party the opportunity to attend and participate in such meetings and conferences. For purposes of this Agreement, "Regulatory Law" means the Sherman Act, as amended, the Clayton Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, the Federal Communications Act, as amended, and all other federal, state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition, whether in the communications industry or otherwise through merger or acquisition.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 5.4(a) and 5.4(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law, each of WorldCom and MCI shall cooperate in all respects with each other and use its respective best efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing in this Section 5.4 shall limit a party's right to terminate this Agreement pursuant to Section 7.1(b) or 7.1(c) so long as such party has up to then complied in all respects with its obligations under this Section 5.4.

(d) If any objections are asserted with respect to the transactions contemplated hereby under any Regulatory Law or if any suit is instituted by any Governmental Entity or any private party challenging any of the transactions contemplated hereby as violative of any Regulatory Law, each of WorldCom and MCI shall use its best efforts to resolve any such objections or challenge as such Governmental Entity or private party may have to such transactions under such Regulatory Law so as to permit consummation of the transactions contemplated by this Agreement.

(e) Each of WorldCom, Merger Sub and MCI shall use its best efforts to cause the Merger to qualify and will not (both before and after consummation of the Merger) take any actions which to its knowledge could reasonably be expected to prevent the Merger from qualifying, as a reorganization under the provisions of Section 368 of the Code.

**5.5 Acquisition Proposals.** Each of WorldCom and MCI agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, initiate, solicit, encourage or otherwise facilitate (including by way of furnishing information) any inquiries or the making of any proposal or offer with respect to a merger, reorganization, share exchange, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving, or any purchase or sale of all or any significant

portion of the assets or 10% or more of the equity securities of, it or any of its Subsidiaries that, in any such case, could reasonably be expected to interfere with the completion of the Merger or the other transactions contemplated by this Agreement (any such proposal or offer being hereinafter referred to as an "Acquisition Proposal"). Each of WorldCom and MCI further agrees that neither it nor any of its Subsidiaries nor any of the officers and directors of it or its Subsidiaries shall, and that it shall direct and use its best efforts to cause its and its Subsidiaries' employees, agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, have any discussion with or provide any confidential information or data to any Person relating to an Acquisition Proposal, or engage in any negotiations concerning an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal or accept an Acquisition Proposal. Notwithstanding the foregoing, MCI or its Board of Directors shall be permitted to (A) to the extent applicable, comply with Rule 14e-2(a) promulgated under the Exchange Act with regard to an Acquisition Proposal, (B) in response to an unsolicited bona fide written Acquisition Proposal by any Person, recommend such an unsolicited bona fide written Acquisition Proposal to the stockholders of MCI, or withdraw or modify in any adverse manner its approval or recommendation of this Agreement or (C) engage in any discussions or negotiations with, or provide any information to, any Person in response to an unsolicited bona fide written Acquisition Proposal by any such Person, if and only to the extent that, in any such case as is referred to in clause (B) or (C), (i) the MCI Stockholders Meeting shall not have occurred, (ii) the Board of Directors of MCI concludes in good faith that such Acquisition Proposal (x) in the case of clause (B) above would, if consummated, constitute a Superior Proposal or (y) in the case of clause (C) above could reasonably be expected to constitute a Superior Proposal, (iii) prior to providing any information or data to any Person in connection with an Acquisition Proposal by any such Person, the MCI Board of Directors receives from such Person an executed confidentiality agreement on terms substantially similar to those contained in the Confidentiality Agreement and (iv) prior to providing any information or data to any Person or entering into discussions or negotiations with any Person, the Board of Directors of MCI notifies WorldCom immediately of such inquiries, proposals or offers received by, any such information requested from, or any such discussions or negotiations sought to be initiated or continued with, any of its representatives indicating, in connection with such notice, the name of such Person and the material terms and conditions of any proposals or offers. MCI agrees that it will keep WorldCom informed, on a current basis,

of the status and terms of any such proposals or offers and the status of any such discussions or negotiations. Each of WorldCom and MCI agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. Each of WorldCom and MCI agrees that it will take the necessary steps to promptly inform the individuals or entities referred to in the first sentence of this Section 5.5 of the obligations undertaken in this Section 5.5. Nothing in this Section 5.5 shall (x) permit either WorldCom or MCI to terminate this Agreement (except as specifically provided in Article VII hereof) or (y) affect any other obligation of MCI or WorldCom under this Agreement.

5.6 [Intentionally Omitted]

5.7 Stock Options and Other Stock Plans; Employee Benefits Matters. MCI and WorldCom will agree to provisions with respect to MCI's stock options and other stock plans and treatment of MCI's officers and employees as set forth in Exhibit 5.7 hereto.

5.8 Fees and Expenses. Whether or not the Merger is consummated, all Expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such Expenses, except (a) if the Merger is consummated, the Surviving Corporation shall pay, or cause to be paid, any and all property or transfer taxes imposed on MCI or its Subsidiaries and any real property transfer tax imposed on any holder of shares of capital stock of MCI resulting from the Merger, (b) Expenses incurred in connection with the filing, printing and mailing of the Joint Proxy Statement/Prospectus, which shall be shared equally by WorldCom and MCI and (c) as provided in Section 7.2. As used in this Agreement, "Expenses" includes all out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby, including the preparation, printing, filing and mailing of the Joint Proxy Statement/Prospectus and the solicitation of stockholder approvals and all other matters related to the transactions contemplated hereby.

5.9 Directors' and Officers' Insurance. The Surviving Corporation shall cause to be maintained in effect (i) for a period of six years after the Effective Time, the current

provisions regarding elimination of liability of directors and indemnification of officers, directors and employees contained in the certificate of incorporation and by-laws of MCI and (ii) for a period of six years, the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by MCI (provided that the Surviving Corporation may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are, in the aggregate, no less advantageous to the insured) with respect to claims arising from facts or events that occurred on or before the Effective Time; provided, however, that in no event shall the Surviving Corporation be required to expend in any one year an amount in excess of 200% of the annual premiums currently paid by MCI for such insurance; and, provided, further, that if the annual premiums of such insurance coverage exceed such amount, the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount.

5.10 Rights Agreement. The Board of Directors of MCI shall take all further action (in addition to that referred to in Section 3.1(g)) necessary (including redeeming the Rights immediately prior to the Effective Time or amending the Rights Agreement) in order to render the Rights inapplicable to the Merger and the other transactions contemplated by this Agreement.

5.11 Public Announcements. MCI and WorldCom shall use all reasonable efforts to develop a joint communications plan and each party shall use all reasonable efforts (i) to ensure that all press releases and other public statements with respect to the transactions contemplated hereby shall be consistent with such joint communications plan, and (ii) unless otherwise required by applicable law or by obligations pursuant to any listing agreement with or rules of any securities exchange, to consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement or the transactions contemplated hereby.

5.12 Accountants' Letters. Upon reasonable notice from the other, MCI and WorldCom shall use their respective reasonable best efforts to cause Price Waterhouse LLP and Arthur Andersen LLP, respectively, to deliver to WorldCom or MCI, as the case may be, a letter, dated within two business days of the Effective Time of the Form S-4 covering such matters as are requested by WorldCom or MCI, as the case may be, and as are customarily addressed in accountant's "comfort" letters. In connection with WorldCom's efforts to obtain such letter, if requested by Arthur Andersen LLP, MCI shall provide a representation letter to Arthur Andersen LLP complying with the

statement on Auditing Standards No. 72 ("SAS 72"), if then required. In connection with MCI's efforts to obtain such letter, if requested by Price Waterhouse LLP, WorldCom shall provide a representation letter to Price Waterhouse LLP complying with SAS 72, if then required.

5.13 Listing of Shares of WorldCom Common Stock. WorldCom shall use its best efforts to cause the shares of WorldCom Common Stock to be issued in the Merger to be approved for quotation, upon official notice of issuance, on NASDAQ.

5.14 Voting Trust. If at any time prior to the MCI Stockholders Meeting a third party shall make an unsolicited tender or exchange offer to acquire control of MCI, which offer is not recommended by MCI's Board of Directors, then WorldCom and MCI will use their reasonable best efforts to consummate the transactions contemplated hereby by implementing a "voting trust" or similar structure permitting consummation of the transactions contemplated hereby prior to the receipt of final FCC and PUC approvals.

## ARTICLE VI

### CONDITIONS PRECEDENT

6.1 Conditions to Each Party's Obligation to Effect the Merger. The obligations of MCI, WorldCom and Merger Sub to effect the Merger are subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Stockholder Approval. (i) MCI shall have obtained the Required MCI Votes in connection with the adoption of this Agreement by the stockholders of MCI and (ii) WorldCom shall have obtained the Required WorldCom Vote in connection with the approval of the Share Issuance by the stockholders of WorldCom.

(b) No Injunctions or Restraints, Illegality. No Laws shall have been adopted or promulgated, and no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction shall be in effect, having the effect of making the Merger illegal or otherwise prohibiting consummation of the Merger; provided, however, that the provisions of this Section 6.1(b) shall not be available to any party whose failure to fulfill its obligations pursuant to Section 5.4 shall have been the cause of, or shall have resulted in, such order or injunction.

(c) FCC and Public Utility Commission Approvals. All approvals for the Merger from the FCC and from the PUCs shall have been obtained other than those the failure of which to be obtained would not reasonably be expected to have individually or in the aggregate a Material Adverse Effect on WorldCom and its Subsidiaries (including the Surviving Corporation).

(d) HSR Act. The waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired.

(e) EU Antitrust. WorldCom and MCI shall have received in respect of the Merger and any matters arising therefrom: confirmation by way of a decision from the Commission of the European Union under Regulation 4064.89 (with or without the initiation of proceedings under Article 6(1)(c) thereof) that the Merger and any matters arising therefrom are compatible with the common market.

(f) NASDAQ Listing. The shares of WorldCom Common Stock to be issued in the Merger shall have been approved upon official notice of issuance for quotation on NASDAQ.

(g) Effectiveness of the Form S-4. The Form S-4 shall have been declared effective by the SEC under the Securities Act. No stop order suspending the effectiveness of the Form S-4 shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

6.2 Additional Conditions to Obligations of WorldCom and Merger Sub. The obligations of WorldCom and Merger Sub to effect the Merger are subject to the satisfaction of, or waiver by WorldCom, on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of MCI set forth in this Agreement that is qualified as to materiality shall have been true and correct on the date of this Agreement, and each of the representations and warranties of MCI that is not so qualified shall have been true and correct in all material respects on the date of this Agreement, and WorldCom shall have received a certificate of the chief executive officer and the chief financial officer of MCI to such effect.

(b) Performance of Obligations of MCI. MCI shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality and shall have

performed or complied in all material respects with all other agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified as to materiality, and WorldCom shall have received a certificate of the chief executive officer and the chief financial officer of MCI to such effect.

(c) Tax Opinion. WorldCom shall have received from Cravath, Swaine & Moore, counsel to WorldCom, on the Closing Date, a written opinion dated as of such date substantially in the form of Exhibit 6.2(c)(1). In rendering such opinion, counsel to WorldCom shall be entitled to rely upon representations of officers of WorldCom and MCI substantially in the form of Exhibits 6.2(c)(3) and 6.2(c)(4).

6.3 Additional Conditions to Obligations of MCI. The obligations of MCI to effect the Merger are subject to the satisfaction of, or waiver by MCI, on or prior to the Closing Date of the following additional conditions:

(a) Representations and Warranties. Each of the representations and warranties of WorldCom and Merger Sub set forth in this Agreement that is qualified as to materiality shall have been true and correct on the date of this Agreement, and each of the representations and warranties of each of WorldCom and Merger Sub that is not so qualified shall have been true and correct in all material respects on the date of this Agreement, and MCI shall have received a certificate of the chief executive officer and the chief financial officer of WorldCom to such effect.

(b) Performance of Obligations of WorldCom. WorldCom shall have performed or complied with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are qualified as to materiality and shall have performed or complied in all material respects with all agreements and covenants required to be performed by it under this Agreement at or prior to the Closing Date that are not so qualified as to materiality, and MCI shall have received a certificate of the chief executive officer and the chief financial officer of WorldCom to such effect.

(c) Tax Opinion. MCI shall have received from Simpson Thacher & Bartlett, counsel to MCI, on the Closing Date, a written opinion dated as of such date substantially in the form of Exhibit 6.2(c)(2). In rendering such opinion, counsel to MCI shall be entitled to rely upon representations of officers of WorldCom and MCI substantially in the form of Exhibits 6.2(c)(3) and 6.2(c)(4).



(d) No Material Adverse Change. Since the date of this Agreement, WorldCom and its Subsidiaries shall not have incurred any material liability, except in the ordinary course of business consistent with past practice, nor shall there have been any adverse change, circumstance or effect that, individually or in the aggregate with all other adverse changes, circumstances and effects, is or is reasonably likely to be materially adverse to the business, financial condition or results of operations of WorldCom and its Subsidiaries taken as a whole, other than any change, circumstance or effect relating to (i) the economy or securities markets in general or (ii) the industries in which WorldCom or MCI operate and not specifically relating to WorldCom or MCI.

## ARTICLE VII

### TERMINATION AND AMENDMENT

7.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, by action taken or authorized by the Board of Directors of the terminating party or parties, and except as provided below, whether before or after approval of the matters presented in connection with the Merger by the stockholders of MCI or WorldCom:

(a) By mutual written consent of WorldCom and MCI, by action of their respective Boards of Directors;

(b) By either MCI or WorldCom if the Effective Time shall not have occurred on or before December 31, 1998 (the "Termination Date"); provided, however, that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement (including without limitation Section 5.4) has to any extent been the cause of, or resulted in, the failure of the Effective Time to occur on or before the Termination Date;

(c) By either MCI or WorldCom if (x) any Governmental Entity (i) shall have issued an order, decree or ruling or taken any other action (which the parties shall have used their best efforts to resist, resolve or lift, as applicable, in accordance with Section 5.4) permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, and such order, decree, ruling or other action shall have become final and nonappealable or (ii) shall have failed to issue an order, decree or ruling or to take any other action (which order, decree, ruling or other action the parties shall have used their best efforts to obtain, in accordance with Section 5.4), in each

case (i) and (ii) which is necessary to fulfill the conditions set forth in subsections 6.1(c), (d) and (e), as applicable, and such denial of a request to issue such order, decree, ruling or take such other action shall have become final and nonappealable; provided, however, that the right to terminate this Agreement under this Section 7.1(c) shall not be available to any party whose failure to comply with Section 5.4 has to any extent been the cause of such action or inaction;

(d) By either MCI or WorldCom if the approval by the stockholders of MCI or of WorldCom required for the consummation of the Merger shall not have been obtained by reason of the failure to obtain the Required MCI Votes or the Required WorldCom Vote, as the case may be, at a duly held meeting of stockholders of MCI or WorldCom, as the case may be, or at any adjournment thereof;

(e) By WorldCom if the Board of Directors of MCI, prior to the MCI Stockholders Meeting (i) shall withdraw or modify in any adverse manner its approval or recommendation of this Agreement pursuant to Section 5.5, (ii) shall approve or recommend a Superior Proposal pursuant to Section 5.5 or (iii) shall resolve to take any of the actions specified in clauses (i) or (ii) above; or

(f) By MCI at any time prior to the MCI Stockholders Meeting, upon two Business Days' prior notice to WorldCom, if the Board of Directors of MCI shall approve a Superior Proposal; provided, however, that (i) MCI shall have complied with Section 5.5, (ii) the Board of Directors of MCI shall have concluded in good faith, after giving effect to all concessions which may be offered by WorldCom pursuant to clause (iii) below, on the basis of the advice of its financial advisors and outside counsel, that such proposal is a Superior Proposal and (iii) prior to any such termination, MCI shall, and shall cause its financial and legal advisors to, negotiate with WorldCom to make such adjustments in the terms and conditions of this Agreement as would enable WorldCom to proceed with the transactions contemplated hereby; provided, however, that it shall be a condition to termination by MCI pursuant to this Section 7.1(f) that MCI shall have made the payment of the Alternative Transaction Fee to WorldCom required by Section 7.2(b).

Notwithstanding anything else contained in this Agreement, the right to terminate this Agreement under this Section 7.1 shall not be available to any party (a) that is in material breach of its obligations hereunder or (b) whose failure to fulfill its obligations or to comply with its covenants under this Agreement has been the cause of, or resulted in, the failure

to satisfy any condition to the obligations of either party hereunder.

7.2 Effect of Termination. (a) In the event of termination of this Agreement by either MCI or WorldCom as provided in Section 7.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of WorldCom or MCI or their respective officers or directors except with respect to Section 3.1(h), Section 3.2(h), Section 4.1(k), the second sentence of Section 5.3, Section 5.8, this Section 7.2 and Article VIII.

(b) WorldCom and MCI agree that (i) if MCI shall terminate this Agreement pursuant to Section 7.1(f) or (ii) if (x) MCI or WorldCom shall terminate this Agreement pursuant to Section 7.1(d) due to the failure of MCI's stockholders to approve and adopt this Agreement or WorldCom shall terminate this Agreement pursuant to Section 7.1(e), (y) at the time of the event giving rise to such termination there shall exist an Acquisition Proposal with respect to MCI and (z) within 12 months of the termination of this Agreement, MCI enters into a definitive agreement with any third party with respect to an Acquisition Proposal or an Acquisition Proposal is consummated, then MCI shall pay to WorldCom an amount equal to \$750 million (the "WorldCom Alternative Transaction Fee") and shall reimburse WorldCom for the amount of the BT Termination Fee paid to BT on behalf of MCI (such amount, the "Reimbursement Amount").

(c) The WorldCom Alternative Transaction Fee and the Reimbursement Amount required to be paid pursuant to Section 7.2(b)(i) shall be made prior to, and shall be a pre-condition to the effectiveness of termination of this Agreement pursuant to such Section. Any other payment required to be made pursuant to Section 7.2(b) shall be made to WorldCom not later than two Business Days after the entering into of a definitive agreement with respect to, or the consummation of, an Acquisition Proposal, as applicable. All payments under this Section 7.2 and under Section 7.3 shall be made by wire transfer of immediately available funds to an account designated by the party entitled to receive payment.

7.3 Payment by WorldCom. WorldCom and MCI agree that if (a) this Agreement shall be terminated pursuant to (i) Section 7.1(b) and any of the conditions to the Merger set forth in Section 6.1(b), 6.1(c), 6.1(d), 6.1(e), 6.3(a), 6.3(b) or 6.3(d) has not been satisfied, (ii) Section 7.1(c), or (iii) Section 7.1(d) solely as a result of the Required WorldCom Vote not being obtained at a duly called WorldCom Stockholders Meeting or (b) notwithstanding the satisfaction of all the conditions set forth

in Sections 6.1 and 6.2 and the satisfaction or waiver by MCI of all the conditions set forth in Section 6.3, WorldCom is not willing to consummate the Merger, then, unless (1) MCI shall not have complied with Section 5.4 or (2) MCI shall have breached its representations or warranties or its agreements or covenants hereunder such that either of the conditions to the Merger set forth in Section 6.2(a) or 6.2(b) has not been satisfied, WorldCom shall pay to MCI an amount in cash equal to \$1.635 billion. The payment required to be made pursuant to this Section 7.3 shall be made not later than two Business Days after the date of such termination or such willful failure of WorldCom to close. Notwithstanding anything in this Agreement (including Section 8.10) to the contrary, the payment of any amount pursuant to this Section 7.3 (other than pursuant to Section 7.3(a)(i), if due to the failure of the conditions set forth in Section 6.3(a) or 6.3(b), or Section 7.3(b)) shall constitute liquidated damages in full and complete satisfaction of, and shall be MCI's sole and exclusive remedy for, any loss, liability, damage or claim arising out of or in connection with any such termination of this Agreement or the facts and circumstances resulting in such termination or otherwise related thereto or otherwise arising out of or in connection with this Agreement.

7.4 Amendment. This Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the Merger by the stockholders of MCI and WorldCom, but, after any such approval, no amendment shall be made which by law or in accordance with the rules of any relevant stock exchange requires further approval by such stockholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

7.5 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

## ARTICLE VIII

## GENERAL PROVISIONS

8.1 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement, including any rights arising out of any breach of such representations, warranties, covenants and other agreements, shall survive the Effective Time, except for those covenants and agreements contained herein and therein that by their terms apply or are to be performed in whole or in part after the Effective Time and this Article VIII. Nothing in this Section 8.1 shall relieve any party for any breach of any representation, warranty, covenant or other agreement in this Agreement occurring prior to termination.

8.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by telecopy or telefacsimile, upon confirmation of receipt, (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service, or (c) on the tenth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(a) if to WorldCom or Merger Sub, to

WorldCom, Inc.  
10777 Sunset Office Drive  
Suite 330  
St. Louis, MO 63127  
Attention: P. Bruce Borghardt, Esq.  
General Counsel  
Corporate Development  
Facsimile No.: 314-909-4101

with a copy to

Cravath, Swaine & Moore  
Worldwide Plaza  
825 Eighth Avenue  
New York, New York 10019  
Attention: Allen Finkelson, Esq.  
Robert A. Kindler, Esq.  
Facsimile No.: 212-474-3700

(b) if to MCI to

MCI Communications Corporation  
1801 Pennsylvania Avenue, NW  
Washington, D.C. 20006  
Attention: Michael Salsbury, Esq.  
Executive Vice President  
and General Counsel  
Facsimile No.: 202-887-3353

with a copy to

Simpson Thacher & Bartlett  
425 Lexington Avenue  
New York, New York 10017  
Attention: Richard I. Beattie, Esq.  
Philip T. Ruegger III, Esq.  
Facsimile No.: 212-455-2502

8.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents, glossary of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation".

8.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that both parties need not sign the same counterpart.

8.5 Entire Agreement; No Third Party Beneficiaries.

(a) This Agreement and the BT Agreement (and the agreement referred to in Section 5.2(c)) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, other than the Confidentiality Agreement, which shall survive the execution and delivery of this Agreement.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature

whatsoever under or by reason of this Agreement, other than Section 5.9 (which is intended to be for the benefit of the Persons covered thereby and may be enforced by such Persons).

8.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware.

8.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

8.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other party, and any attempt to make any such assignment without such consent shall be null and void, except that Merger Sub may assign, in its sole discretion, any or all of its rights, interests and obligations under this Agreement to any direct wholly owned Subsidiary of WorldCom without the consent of MCI, but no such assignment shall relieve Merger Sub of any of its obligations under this Agreement. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

8.9 Submission to Jurisdiction; Waivers. Each of WorldCom and MCI irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns may be brought and determined in the Chancery or other Courts of the State of Delaware, and each of WorldCom and MCI hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the nonexclusive jurisdiction of the aforesaid courts. Each of WorldCom and MCI hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or

otherwise, in any action or proceeding with respect to this Agreement, (a) the defense of sovereign immunity, (b) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure to serve process in accordance with this Section 8.9, (c) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (d) to the fullest extent permitted by applicable law, that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper and (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

8.10 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

8.11 Definitions. As used in this Agreement:

(a) "Board of Directors" means the Board of Directors of any specified Person and any committees thereof.

(b) "Business Day" means any day on which banks are not required or authorized to close in the City of New York.

(c) "Material Adverse Effect" means, with respect to any entity, any adverse change, circumstance or effect that, individually or in the aggregate with all other adverse changes, circumstances and effects, is or is reasonably likely to be materially adverse to the business, financial condition or results of operations of such entity and its Subsidiaries taken as a whole, other than any change, circumstance or effect relating to (i) the economy or securities markets in general or (ii) the industries in which WorldCom or MCI operate and not specifically relating to WorldCom or MCI.

(d) "the other party" means, with respect to MCI, WorldCom and means, with respect to WorldCom, MCI.

(e) "Person" means an individual, corporation, limited liability company, partnership, association, trust,



unincorporated organization, other entity or group (as defined in the Exchange Act).

(f) "Subsidiary" when used with respect to any party means any corporation or other organization, whether incorporated or unincorporated, (i) of which such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interests in such partnership) or (ii) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

(g) "Superior Proposal" means a bona fide written Acquisition Proposal which the Board of Directors of MCI concludes in good faith (after consultation with its financial advisors and legal counsel), taking into account all legal, financial, regulatory and other aspects of the proposal and the Person making the proposal, (i) would, if consummated, result in a transaction that is more favorable to MCI's stockholders (in their capacities as stockholders), from a financial point of view, than the transactions contemplated by this Agreement and (ii) is reasonably capable of being completed (provided that for purposes of this definition the term Acquisition Proposal shall have the meaning assigned to such term in Section 5.5 except that the reference to "10%" in the definition of "Acquisition Proposal" shall be deemed to be a reference to "50%" and "Acquisition Proposal" shall only be deemed to refer to a transaction involving MCI, or with respect to assets (including the shares of any Subsidiary of MCI) of MCI and its Subsidiaries, taken as a whole, and not any of its Subsidiaries alone).

(h) "Benefit Plans" means, with respect to any Person, each employee benefit plan, program, arrangement and contract (including, without limitation, any "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and any bonus, deferred compensation, stock bonus, stock purchase, restricted stock, stock option, employment, termination, stay agreement or bonus, change in control and severance plan, program, arrangement and contract) all of the foregoing in effect on the date of this Agreement, to which such Person is a party, which is maintained or contributed to by such Person, or with respect to which such

Person could incur material liability under Section 4069, 4201 or 4212(c) of ERISA.

8.12 Other Agreements. The parties hereto acknowledge and agree that, except as otherwise expressly set forth in this Agreement, the rights and obligations of MCI and WorldCom under any other agreement between the parties shall not be affected by any provision of this Agreement.

IN WITNESS WHEREOF, WorldCom, MCI and Merger Sub have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of November 9, 1997.

WORLDCOM, INC.

By: /s/ Bernard J. Ebbers  
Name: Bernard J. Ebbers  
Title: President and Chief  
Executive Officer

TC INVESTMENTS CORP.

By: /s/ Bernard J. Ebbers  
Name: Bernard J. Ebbers  
Title: President and Chief  
Executive Officer

MCI COMMUNICATIONS CORPORATION

By: /s/ Bert C. Roberts, Jr.  
Name: Bert C. Roberts, Jr.  
Title: Chairman

**EXHIBIT 5.2(a) TO  
THE MERGER AGREEMENT**

**RECONSTITUTION OF THE BOARD OF DIRECTORS OF WORLDCOM**

The Board of Directors of WorldCom, as of the Effective Time, shall consist of fifteen members, eight of whom shall be designated by WorldCom from among the directors of WorldCom, five of whom shall be designated by MCI from among the directors of MCI and two of whom shall be directors designated by WorldCom from among pending acquisitions of WorldCom; provided that the persons designated by each party shall be reasonably acceptable to the other party.

Outline of Employee Benefit Provisions

- a. All outstanding equity awards, including all ISUs, all restricted stock and all option grants will continue to vest (and be paid out) or become exercisable, as the case may be, in accordance with their current terms and will not be further accelerated in any way; provided, however, that if the Merger is not a pooling transaction, all such equity grants that have not otherwise previously lapsed or been forfeited shall vest upon the closing of the Merger. Upon the Effective Time, any outstanding equity awards will be converted into shares (and options, as the case may be) of the Parent on identical terms. Specifically:

On or prior to the Effective Time, MCI shall take all action necessary to cause each option to purchase shares of MCI Common Stock (each, an "MCI Stock Option") that was granted pursuant to the MCI Stock Option Plans prior to the Effective Time and which remains outstanding immediately prior to the Effective Time to be converted, at the Effective Time, into an option to acquire, on the same terms and conditions as were applicable under the MCI Stock Option, that number of shares of Parent's common stock determined by multiplying the number of shares of MCI Common Stock subject to such MCI Stock Option by the Exchange Ratio, rounded, if necessary, up to the nearest whole share of Parent's common stock, at a price per share equal to the per-share exercise price specified in such MCI Stock Option divided by the Exchange Ratio; provided however, that in the case of any MCI Stock Option to which section 421 of the Code applies by reason of its qualification under section 422 of the Code, the option price, the number of shares subject to such option and the terms and conditions of exercise of such option shall be determined in a manner consistent with the requirements of section 424(a) of the Code. In addition, all unvested and unpaid MCI restricted stock and ISUs shall be converted to the number of shares of Parent common stock or ISUs

determined by multiplying such shares of restricted stock and ISUs by the Exchange Ratio.

- b. The employment agreements covering the Senior Executives of MCI will be revised to:
  - i. eliminate the limitations on severance pay in the event of a "Final Year Constructive Termination," as defined in such contracts; and
  - ii. add minimum bonus provisions to the contracts under which each executive's annual bonuses could not be less than the average annual bonus earned by the executive in respect of 1994, 1995 and 1996.
- c. The term of MCI's "Executive Severance Policy" will be extended to the third anniversary of the signing of this Agreement except for those provisions that would affect the equity rights of a participant in such Policy, to the extent necessary to preserve pooling.
- d. A cash retention award pool of up to \$320 million will be created to provide retention incentives for MCI employees, as determined by the MCI Compensation Committee as soon as practicable hereafter. The schedule of payment of such incentives will be subject to the approval of Parent, which will not be unreasonably withheld; and Parent will be informed as to the other aspects of the incentives.
- (e) In addition, awards under the "Management Employee Bonus Program", the "Other Employee Bonus Program" and the "Retention Bonus Pool" currently maintained by MCI will be payable not earlier than:

50% on December 1, 1997; and  
50% on December 1, 1998;

provided, however that upon the closing date of any transaction, involving the sale or other disposition of a majority of MCI's stock or assets, any such amounts that have not yet been paid will be accelerated and paid out.

- (f) Executives not covered by employment contracts or the Executive Severance Policy will participate in a new

severance program with a severance formula based on the guidelines currently used for executive severance but in any event shall not receive less than they would have received under paragraph 7 below. (See Appendix A).

- (g) All other employees below the levels set forth in 6. above will receive severance of three weeks per year of service if terminated in connection with Merger.

Executive Termination Pay Schedule

	<u>Director (9-11)</u>	<u>Vice President (12-13)</u>	<u>Pres. &amp; Sr. VP (14+)</u>
<u>Years of Service</u>	<u>Months of Severance</u>	<u>Months of Severance</u>	<u>Months of Severance</u>
1 year or less	4	6	8
over 1 year	5	7	9
over 2 years	5	7	10
over 3 years	6	8	10
over 4 years	7	9	11
over 5 years	7	10	12
6 or more years	8	10	12



